

September 23, 2005

Maine Milk Commission Special Meeting Minutes
Deering Building, Room 233
Hospital Street, Augusta, Maine 04333

Notices for the September 23, 2005 meeting were distributed to Commission members, intervenors and other interested parties August 22, 2005 and sent to the Secretary of State's Office for posting on August 31, 2005.

Commission Present: Chair Michael Wiers, Colon Durrell, John Joseph Jr., Katherine O. Musgrave and Shelley Doak.

Commission Absent: None

Department Officials: None

Staff Present: Stanley K. Millay, Executive Director, and Carol Gauthier clerical assistant

Legal Counsel: Lucinda White, Assistant Attorney General

Intervenors Present: John Blake, H.P. Hood, Inc., John Economy, Garelick Farms of Maine, Thomas Brigham, Oakhurst Dairy

Others Present: Dale Cole, and Julie-Marie Bickford from the Maine Dairy Industry Association (MDIA), Timothy Dalton and Lisa Bragg from the University of Maine.

Meeting called to order at 1:38 P.M.

Agenda Item 1: Minutes: Shelley Doak made a motion to accept the minutes of the August 22, 2005 meeting as written. Colon Durrell seconded. Motion passed 4-0.

Agenda Item 2: Lucinda White, Assistant Attorney General: Lucinda reported that there were no legal issues.

Agenda Item 3: Minimum Prices: The prevailing premium is \$1.10 for October 2005 reported by Dairy Marketing Services and Agri-Mark Cooperative.

Julie-Marie Bickford reported to the Commission that the large increases in fuel costs are impacting farmers. She provided some specific examples from some farmers and went on to ask the Commission to consider increasing the producer cost of production margin from the 79 cents per hundredweight that was in effect for September prices.

Dr. Dalton stated that energy costs were currently much higher than those upon which the current 2001 producer margins had been based.

John Economy pointed out that the Governor's tier payment program and the \$1.10 prevailing premium and the 79 cent producer cost of production margin was providing payments to Maine dairy farmers. He stated that processors were also being impacted by the increased energy costs and the Commission should consider that as well.

Julie-Marie Bickford pointed out that retail prices were high compared to the minimums set by the Commission and in most stores exceeded the minimum by more than \$1.00 on many containers.

Katherine Musgrave remarked that the Commission had no control over how high a store set their prices, only on how low they set them.

Shelley Doak made a motion to get price schedule #10-05 as prepared on to the floor with the producer cost of production margin at \$0.79/cwt. on Class I for October 2005 and \$0.15/cwt. on Class II and \$1.10/cwt. over-order prevailing premium on Class I plus \$0.23/cwt. added to Class I in accordance with a handling fee. The motion was not seconded. Colon Durrell moved price schedule #10-05 as prepared except that the producer cost of production margin be increased from \$0.79/cwt. to \$0.89/cwt. Katherine Musgrave seconded.

Michael Wiers stated that the Commission needed to look at all aspects of the milk industry and be mindful of each sector when considering minimum milk prices.

Colon Durrell noted that there were not retailers represented at the meeting. He went on to say that one of the things the Commission needed to consider and encourage was a local supply of fresh milk for Maine consumers.

Tom Brigham urged the Commission to develop fact-based decision-making. He suggested that when the Commission adopts the next producer cost of production rule, that some thought be given to a formula driven cost of production margin.

Dale Cole reminded the Commission that producers need to recover their costs or go out of business.

Julie-Marie Bickford pointed out that Maine processors require BST free milk, which is more costly to produce and thus makes a higher cost of production for Maine farmers.

Motion to accept Schedule #10-05 with a cost of production margin at \$0.89/cwt. passed 4-0.

Minimum milk prices adopted include the Federal Order Class I price for October 2005 of \$17.52 plus a processor assessment of \$0.20/cwt.

There is no Farm Bill Counter Cyclical Payment (MILC) for October 2005.

Agenda Item 4: Maine Monthly Price Survey: The Commission reviewed the Maine price survey for September 2005 which included prices for Augusta and Bangor.

Stan Millay asked if the Commission was satisfied with the scope of the price survey. Discussion ensued and consensus was that the survey should continue. Lucinda White suggested that Portland area be included. Stan Millay agreed to continue the survey and expand to include Portland and other areas from time to time.

Agenda Item 5: Next Scheduled Meetings:

- October 21, 2005, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine

- November 18, 2005, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- December 23, 2005, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- January 20, 2006, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine

Agenda Item 6: Other:

1. **Milk Commission Budget:** The Commission Reviewed income and expenditures.
2. **Producer Margins:** Timothy Dalton and Lisa Bragg attended and presented a progress report on the cost of production survey.

Dr. Dalton reported that the study is 80% completed and gave an over-view of where the study is now.

Stan Millay presented numbers that represented the impact on Dealer Margins due to fuel and resin costs increases. Colon Durrell made a motion that the Commission hold a public hearing on October 21, 2005 concerning dealer costs. John Joseph seconded. Motion passed 4-0.

Agenda Item 7: Executive Session: The Commission did not go into Executive Session

Meeting Adjourned: 2:50 PM

Stanley Millay, Executive Director, Maine Milk Commission